

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
Grays Harbor County, Washington
January 1, 1992 Through December 31, 1992

Schedule Of Findings

1. The Housing Authority Should Obtain Competitive Proposals On Its Contract For Legal Services

The housing authority has had the same legal firm on retainer since, at least, 1970. At no time has the housing authority requested competitive proposals for those services.

Public Housing Agencies (PHAs) are required to develop purchasing procedures which ensure that the best quality services are obtained in the most economical manner while promoting annual contribution contract requirements for serviceability, efficiency, and stability. These procedures are contained in the PHA's *Procurement Policy*.

Section VII of the PHA's *Policy Addresses Procurement Thresholds and Methods* requires competitive proposals be used when the use of sealed bidding procedures is inappropriate. This occurs when contracting for professional services (attorney, accountant, architect/engineer, computer services, etc.) when price is not the sole determinant for award.

HUD handbook 7460.8 REV-1, *Procurement Handbook for Public Housing Agencies* outlines procedures to be followed for purchases in excess of \$25,000. It states the PHA will prepare a request for proposals (RFP) identifying technical and price evaluation factors and the format for submitting proposals in response to the RFP. The RFP is then publicized. The PHA gathers proposals submitted, conducts an evaluation of the proposals, and negotiates with the respondents. Ultimately, the PHA awards a contract to the best evaluated respondent based upon the price and technical factors stated in the RFP.

By not following HUD imposed procurement policies, the housing authority is not assured of obtaining legal services in the most cost effective manner. This situation apparently arose because the officials of the housing authority were unaware of these requirements.

We recommend the authority obtain competitive proposals for its legal services and follow the HUD dictated procurement procedures in the future.

2. The Housing Authority Should Improve Internal Controls Over Fixed Assets

The housing authority has not taken a physical inventory of its equipment nor posted its subsidiary equipment ledgers for the last three years.

The "Common Rule" for *Uniform Administrative Requirements for Grants to State and Local Governments* establishes guidelines which grant recipients are required to follow. Section __.32 relates to controls over equipment and states:

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Without controls provided by an inventory of equipment and the maintenance of equipment ledgers, assets are more subject to misappropriation, misuse, and are more apt to be improperly recorded on the financial statements.

This condition apparently arose because of the housing authority's failure to devote sufficient resources to the inventory and recording of its fixed assets.

We recommend the housing authority take a physical inventory at least every two years and update its subsidiary equipment ledgers.